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## BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

DOCKET

AZ CORP COMMISSION  
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MAR 29 2002

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IN THE MATTER OF THE GENERIC  
PROCEEDING CONCERNING ELECTRIC  
RESTRUCTURING ISSUES

DOCKET NO. E-00000A-02-0051

IN THE MATTER OF ARIZONA PUBLIC  
SERVICE COMPANY'S REQUEST FOR  
VARIANCE OF CERTAIN REQUIREMENTS  
OF A.A.C. R14-2-1606

DOCKET NO. E-01345A-01-0822

IN THE MATTER OF THE GENERIC  
PROCEEDING CONCERNING THE ARIZONA  
INDEPENDENT SCHEDULING  
ADMINISTRATOR

DOCKET NO. E-00000A-01-0630

IN THE MATTER OF TUCSON ELECTRIC  
POWER COMPANY'S APPLICATION FOR A  
VARIANCE OF CERTAIN ELECTRIC  
COMPETITION RULES COMPLIANCE  
DATES

DOCKET NO. E-01933A-02-0069

IN THE MATTER OF THE APPLICATION OF  
TUCSON ELECTRIC POWER COMPANY FOR  
APPROVAL OF ITS STRANDED COST  
RECOVERY

DOCKET NO. E-01933A-98-0471

DIRECT TESTIMONY OF  
CURTIS L. KEBLER  
ON BEHALF OF  
RELIANT RESOURCES, INC.

MARCH 15, 2002

**TABLE OF CONTENTS**  
**TO DIRECT TESTIMONY OF**  
**CURTIS L. KEBLER**

		<u>Page</u>
I.	Introduction .....	1
II.	APS' Requested Variance and Purchase Power Agreements are not in the Public Interest .....	5
III.	The Commission Should Order APS to Comply With the Competitive Power Procurement Requirements of Electric Competition Rule 1606(B).....	9
IV.	The Public Interest Will be Served by Adopting a RFP Structure and Bilateral Contract Guidelines for APS Power Purchases Now, as Part of this Docket.....	12
V.	Summary and Conclusion .....	18
	Appendix A: Statement of Qualifications .....	20

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
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16  
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**DIRECT TESTIMONY OF  
CURTIS L. KEBLER  
DOCKET NO. E-01345A-01-0822**

**I.**

**INTRODUCTION**

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.**

A. My name is Curtis L. Kebler. My business address is 8996 Etiwanda Avenue, Rancho Cucamonga, California 91739-9662. I am Director, Asset Commercialization, West Region for Reliant Resources, Inc. ("Reliant").

**Q. PLEASE DESCRIBE YOUR PROFESSIONAL QUALIFICATIONS AND EXPERIENCE.**

A. A summary of my professional qualifications and experience is included in the Statement of Qualifications attached as Appendix A to my testimony.

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

A. The purpose of my testimony is to:

1. Highlight why Arizona Public Service Company's ("APS" or "Company") request for variance to the Standard Offer power procurement provisions of A.A.C. R14-2-1606(B) ("Rule 1606(B)") (the "Variance") and its associated Purchase Power Agreement ("PPA") are not in the public interest and do not meet the Arizona

4 Corporation Commission's ("Commission") standard for approval of  
5 variances under the Rule.

- 6 2. Explain why it is in the public interest for the Commission through  
7 this proceeding, to adopt the structure and guidelines for APS to  
8 implement the requirement that 100% of its Standard Offer power  
9 requirements be acquired from the competitive market through  
10 prudent arm's length transactions, with at least 50% through a  
11 competitive bid process ("RFP"), as required by Rule 1606(B).  
12  
13 3. Provide the Commission with a recommended RFP bid structure and  
14 bilateral contract guidelines that will ensure prudent arm's length  
15 transactions consistent with the public interest and with Rule  
16 1606(B) requirements, that make reliable and competitively priced  
17 power available to APS' Standard Offer customers.  
18

19 **Q. WHY DID RELIANT INTERVENE IN THIS PROCEEDING?**

- 20 A. Reliant Resources is an international energy services company based in  
21 Houston, Texas. Reliant has nearly 18,000 megawatts of power generation  
22 capacity in operation, under construction, or under contract in the U.S.  
23 Reliant is one of only five companies to rank among both the ten largest  
24 power marketers and the ten largest natural gas marketers in North  
25 America. Reliant has invested nearly \$300 million in meeting the power  
26

4 supply needs of Arizonans and is considering additional investments that  
5 are directly impacted by the outcome of this proceeding and whether APS  
6 goes forward with the competitive power procurement process required  
7 under the Commission's competition rules. Reliant has historical  
8 experience operating as a utility distribution company similar to APS and  
9 appreciates the perspective and needs of UDC's as purchasers of power.  
10 However, Reliant strongly believes the public interest of Arizona ratepayers  
11 is best served by the Commission promptly approving a RFP structure and  
12 bilateral contract guidelines that will ensure a competitive marketplace for  
13 purchased power sellers and buyers.

14 In contrast, the Variance and PPA, if approved, would commit APS and its  
15 customers to the embedded generation mix and effectively eliminate  
16 competition for most of APS' load for a 15-year period. Such action by the  
17 Commission will significantly inhibit the development of new, economical  
18 and environmentally clean power generation. Reliant, therefore,  
19 recommends the Commission deny the Variance and PPA and take this  
20 opportunity to order the parties to this docket, through a settlement  
21 conference approach, to immediately develop both a RFP structure and  
22 bilateral contract guidelines for APS that ensures a continuing process of  
23 APS competitive power procurement that provides a balanced portfolio of  
24 differing contract term lengths and product mixes. The Commission,  
25  
26

4 through this proceeding, must consider and approve an appropriate RFP  
5 structure and bilateral guidelines for APS and order that they be  
6 immediately implemented by APS.

7 **Q. PLEASE PROVIDE ADDITIONAL DETAILS REGARDING**  
8 **RELIANT'S INVESTMENT IN GENERATION FACILITIES IN**  
9 **ARIZONA?**

10 A. Reliant's Desert Basin Generating Station, located in Casa Grande,  
11 commenced commercial operation in November 2001. Desert Basin is a  
12 500 MW state-of-the-art combined-cycle facility with a NOx emission rate  
13 that is 1/30<sup>th</sup> that of much of the existing fleet of gas-fired generators in the  
14 Phoenix area. The project involved an investment of nearly \$300 million,  
15 and can be expanded by up to 1,100 MW. The facility and its expansion are  
16 strongly supported by the community. The existing output of Desert Basin  
17 is committed to an Arizona Load Serving Entity for the next 10 years.

18 **Q. DOES RELIANT HAVE PLANS TO BUILD ADDITIONAL**  
19 **GENERATION FACILITIES IN ARIZONA?**

20 A. Reliant is actively considering other development opportunities in the State,  
21 including the above referenced expansion project which is located in the  
22 Phoenix Metro load center. However, uncertainty surrounding the APS  
23 Variance and its impact on the competitive wholesale market in Arizona  
24 and other unfavorable market conditions have caused Reliant to indefinitely  
25 suspend development of this project. Rejection of the Variance and  
26

4 implementation of the competitive power procurement process envisioned  
5 under the Commission's Rule 1606(B) creates the opportunity for APS'  
6 customers to enjoy the economic and environmental benefits of this project.

7 **II.**

8 **APS' REQUESTED VARIANCE AND PURCHASE POWER**  
9 **AGREEMENT ARE NOT IN THE PUBLIC INTEREST**

10 **Q. WHAT RATIONALE DOES APS USE TO JUSTIFY ITS REQUEST**  
11 **FOR VARIANCE AND APPROVAL OF THE PPA?**

12 A. APS has indicated that it was reacting to the California energy crisis when  
13 it concluded that a PPA was necessary to give APS greater control over its  
14 energy costs once the APS generation assets were transferred to Pinnacle  
15 West Energy Corporation ("PWEC") and avoid exposure to the "untested  
16 and illiquid spot market".

17 **Q. DO YOU AGREE WITH APS' RATIONALE?**

18 A. No. First, the claim of an "untested and illiquid spot market" incorrectly  
19 presumes that the PWEC assets are not part of the resources that can  
20 participate in the competitive procurement process mandated by Rule 1606  
21 (B). The inclusion of the PWEC assets ensures adequate resource  
22 availability for the competitive procurement process. Second, APS is  
23 suggesting a 15-year solution to unprecedented volatility in energy prices  
24 that occurred over a one-year period. Such an approach is inappropriate  
25  
26

4 given that the factors that caused the California "debacle" do not exist in  
5 Arizona.

6 **Q. IS APS' REQUEST FOR VARIANCE AND APPROVAL OF THE**  
7 **PPA IN THE BEST INTEREST OF APS' STANDARD OFFER**  
8 **CUSTOMERS?**

9 A. No. APS' Variance is not in the public interest because it would deny  
10 consumers the benefits of access to new sources of competitively procured  
11 generation that is clean, reliable and efficient, it would be decimate the  
12 market for new generation development and entrench the existing fleet of  
13 utility generation assets for years to come. The PPA is also not in the public  
14 interest. It will virtually guarantee Pinnacle West Capital Corporation  
15 ("PWCC") and PWEC recovery of fixed costs at what appear to be above-  
16 market returns, and place the operating risks and fuel and power price  
17 volatility risks entirely on consumers through an annual flow-through  
18 mechanism.

19 **Q. DO YOU BELIEVE THE EVENTS IN CALIFORNIA JUSTIFY APS'**  
20 **REQUEST FOR VARIANCE AND APPROVAL OF THE**  
21 **ASSOCIATED PPA?**

22 A. No. The Commission, after extensive study, recognized that competition in  
23 the wholesale power market would provide the most efficient and least cost  
24 power when it adopted the Competition Rules. The energy crisis in  
25 California points to the need for a robust, competitive wholesale market,  
26



4 not a return to outdated modes of cost-plus regulation. The Competition  
5 Rules adopted by the Commission are different from those in place in  
6 California. Furthermore, the conditions that led to the California energy  
7 crisis do not exist in Arizona. It is not in the public interest for this  
8 Commission to grant variances to its Rules based upon an energy crisis that  
9 was created by factors that do not exist in Arizona. Reliant believes the  
10 Arizona competition rules and the settlement agreement on APS' stranded  
11 costs (the "APS Settlement Agreement") provide a sound foundation for the  
12 transition to competitive electricity markets. Therefore, Reliant  
13 recommends the Commission immediately proceed with implementation of  
14 those rules as planned, and require APS to procure 100% of its Standard  
15 Offer power requirements in accordance with Rule 1606(B).

16  
17 **Q. DO YOU AGREE WITH APS' ASSERTION THAT FUEL**  
18 **DIVERSITY WOULD BE ADVERSELY IMPACTED IF APS**  
19 **OBTAINS ITS SUPPLY REQUIREMENTS THROUGH THE**  
20 **COMPETITIVE PROCUREMENT PROCESS REQUIRED BY THE**  
21 **COMPETITION RULES?**

22 **A.** No, fuel diversity would not be adversely impacted. To the extent the  
23 competitive procurement process displaces a portion of the existing  
24 APS/PWEC generation portfolio, the resource displacement will likely  
25 involve older, inefficient gas units operating in the intermediate service  
26 range rather baseload nuclear and coal resources. Thus, the displacement of  
existing gas units with new gas units would have no adverse impact on

4 APS' fuel diversity. Furthermore, there are proposed development projects  
5 that involve fuel sources other than natural gas.

6 **Q. DO YOU AGREE WITH APS' CLAIM THAT SYSTEM**  
7 **RELIABILITY WOULD BE REDUCED UNLESS THE VARIANCE**  
8 **AND PPA ARE APPROVED?**

9 A. No. APS makes several claims as to why the PPA is an important  
10 contribution to the Company's goal of reliability, and why this justifies  
11 relying on the PPA in lieu of the competitive procurement process. First,  
12 APS suggests that the PPA with PWCC is more reliable than a contract with  
13 a successful bidder. In reality, however, the reliability obligations of a  
14 successful bidder will likely be similar to those contained in the PPA, and  
15 as such this issue can be adequately addressed through the specifications  
16 established as part of the competitive procurement process. APS will no  
17 doubt incorporate these reliability specifications in its contract  
18 requirements, just as it did in the PPA. The Commission's role should be to  
19 ensure that such specifications are reasonable and provide a level playing  
20 field for potential power suppliers.

21  
22 Second, APS claims that the dedicated assets comprising the PPA have a  
23 diverse fuel mix that promotes reliability. As I explained earlier regarding  
24 fuel diversity, the competitive procurement process may displace a portion  
25 of the existing APS/PWEC generation portfolio. To the extent this occurs  
26

4 such displacement will likely involve gas for gas displacement and thus  
5 would have no adverse impact on APS' fuel diversity.

6 Finally, APS contends that the geographical diversity of the dedicated units  
7 protects system reliability. APS appears to ignore planned transmission  
8 projects in Arizona in the next 3-4 years that would provide reliable  
9 transmission paths for new generation. While it is true that most of the  
10 proposed new merchant generation would have to be delivered through Palo  
11 Verde to reach APS' customers (including PWEC's Red Hawk project),  
12 there is more than sufficient new merchant generation proposed at other  
13 locations to maintain geographic diversity. Moreover, to the extent that  
14 geographic diversity is an issue, it can be dealt with through the  
15 specifications established in the competitive procurement process.  
16

17 **III.**

18 **THE COMMISSION SHOULD ORDER APS TO COMPLY WITH THE**  
19 **COMPETITIVE POWER PROCUREMENT REQUIREMENTS OF**  
20 **ELECTRIC COMPETITION RULE 1606(B)**

21 **Q. DESCRIBE THE POWER PROCUREMENT REQUIREMENTS OF**  
22 **ELECTRIC COMPETITION RULE 1606(B).**

23 **A.** A straight-forward reading of Rule 1606(B) makes clear that APS, as an  
24 investor owned Utility Distribution Company ("investor owned UDC"), is  
25 required to purchase power for its Standard Offer customers from the  
26 competitive market through prudent, arm's length transactions, with no less

4 than 50% of its power acquired through a competitive bid process. Thus,  
5 under the Rule, APS must procure at least 50%, or roughly 3,000 MW of its  
6 approximately 6,000 MW of load, through a competitive bid process and  
7 the remainder of its load through arms-length bilateral contracts.

8 **Q. DOES RULE 1606(B) PROVIDE SPECIFIC GUIDELINES FOR APS**  
9 **TO IMPLEMENT ITS COMPETITIVE POWER PROCUREMENT**  
10 **PROCESS?**

11 A. No. The Electric Competition Rules provide a general framework for  
12 electric competition, and allow market participants to develop the specific  
13 procedures necessary to implement the various provisions of the Rules,  
14 subject to appropriate oversight by the Commission.

15 **Q. HAS APS TAKEN THE REQUIRED STEPS TO WORK WITH**  
16 **MARKET PARTICIPANTS TO ESTABLISH IMPLEMENTATION**  
17 **PROCEDURES FOR THE COMPETITIVE PROCUREMENT**  
18 **PROCESS?**

19 A. No. Rather than working with stakeholders and prospective suppliers to  
20 develop implementation procedures to ensure compliance with Rule  
21 1606(B) on January 1, 2003, APS has spent the past year developing  
22 Purchase Power Agreements with its affiliate companies that thwart the  
23 intent of the competitive procurement process required by Rule 1606(B).  
24 As explained above, the end result will only serve to frustrate development  
25 of a competitive wholesale market.  
26

4 **Q. HOW SHOULD THE COMMISSION PROCEED TO ESTABLISH**  
5 **THE PROCEDURES NECESSARY FOR APS TO IMPLEMENT**  
6 **THE COMPETITIVE POWER PROCUREMENT REQUIREMENTS**  
7 **OF RULE 1606 (B)?**

8 A. Rather than proceeding with a lengthy and expensive working group  
9 process at this late date, the Commission should immediately adopt a RFP  
10 bid structure and bilateral contract guidelines in accordance with Rule  
11 1606(B)'s requirement to acquire 100% of its power procurement needs  
12 from the competitive market.

13 Specifically, Reliant recommends that the Administrative Law Judge  
14 ("ALJ") or the Commission immediately order APS, Staff, prospective  
15 energy suppliers, and other interested parties to participate in a mandatory  
16 settlement conference before an ALJ. The purpose of the settlement  
17 conference is to develop and submit for Commission approval the RFP  
18 structure and bilateral contract guidelines necessary so APS can move  
19 forward promptly with the competitive power procurement process.  
20 Establishing the RFP structure and bilateral contract guidelines as soon as  
21 possible and prior to hearing in this matter is necessary to provide sufficient  
22 time for APS to procure 100% of its load requirements by January 1, 2003,  
23 as required by Rule 1606(B) and the APS Settlement Agreement.  
24  
25  
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4 IV.

5 **THE PUBLIC INTEREST WILL BE SERVED BY ADOPTING A RFP**  
6 **STRUCTURE AND BILATERAL CONTRACT GUIDELINES FOR**  
7 **APS POWER PURCHASES NOW, AS PART OF THIS DOCKET**

8 Q. PLEASE DESCRIBE RELIANT'S RECOMMENDED PROCE-  
9 DURES FOR IMPLEMENTING THE COMPETITIVE POWER  
10 PROCUREMENT REQUIREMENT.

11 A. Reliant recommends that the Commission approve the RFP structure and  
12 the bilateral contract guidelines before APS proceeds with either of these  
13 competitive procurement processes. The RFP structure and the bilateral  
14 contract guidelines should provide direction to participants on such issues  
15 as auction segment size, timing of each step of the process, limitations on  
16 participants, risk allocation, and the nature of the resulting APS supply  
17 portfolio.

18 Q. WHAT RECOMMENDATIONS DO YOU HAVE WITH RESPECT  
19 TO THE STRUCTURE OF THE COMPETITIVE RFP PROCESS?

20 A. The RFP should be structured as two separate auctions. While both auctions  
21 should be substantially similar and should be completed before the end of  
22 2002, the auctions should establish different initial delivery dates and  
23 different contract term lengths. The first RFP should provide for delivery  
24 beginning in January 2003, and have contract terms extending no longer  
25 than three years. The companion RFP should establish an initial delivery  
26 date of January 2006, and should provide for varying contract lengths in the

4 range of 2-4 years, 5-7 years, and 10 years. The utilization of two delivery  
5 dates initially will allow bids to include additional generation that does not  
6 exist or is otherwise unavailable as of January 1, 2003. It also initiates the  
7 on-going process of competitive power procurement. Requiring contracts  
8 of varying lengths also facilitates this process. Reliant's recommended  
9 process places PWCC and PVEC on a level playing field and provides a  
10 truly competitive environment.

11 The Commission must guard against illusory competitive power  
12 procurement processes that allow the existing generation to become  
13 entrenched and effectively exclude competition by entering into long-term  
14 contracts before competitive power can be made available. In other words,  
15 the Commission must ensure that the RFP structure and bilateral contract  
16 guidelines encourage and facilitate the development of a wholesale power  
17 market. Reliant's recommendation of two delivery dates and contract of  
18 varying lengths is consistent with this objective.  
19

20 **Q. ARE THERE ADEQUATE SUPPLIES OF COMPETITIVE**  
21 **GENERATION TO MEET 100% OF APS' REQUIREMENTS**  
22 **BEGINNING JANUARY 1, 2003?**

23 **A.** Yes. The existing APS assets, which are being transferred to PVEC and  
24 contracted to PWCC, are part of the generation supply available for the  
25 competitive power procurement process. These generation resources,  
26

4 together with all other sources of competitive generation supply throughout  
5 the Western region, can participate in the competitive procurement process  
6 required by Rule 1606(B). If in the unlikely event there were no successful  
7 bidders other than PWCC, it would win the auction and have sufficient  
8 resources to meet APS' Standard Offer loads, just as APS does today.  
9 However, where the competitive procurement process displaces older,  
10 inefficient, higher-cost energy resources with lower-cost, more efficient and  
11 environmentally compatible units, both the ratepayers and the environment  
12 will benefit.

13 **Q. IF THE COMPETITIVE PROCUREMENT PROCESS RESULTS IN**  
14 **ANY PORTION OF THE PWEC ASSETS BEING DISPLACED BY**  
15 **OTHER SOURCES OF SUPPLY, WHAT HAPPENS TO THE**  
16 **DISPLACED ASSETS?**

17 **A.** The assets displaced through the competitive procurement process would  
18 likely not be used to serve APS' Standard Offer customers. However, this  
19 does not preclude PWEC (and PWCC) from marketing the output of any  
20 displaced assets to other buyers in the Western market, where they may still  
21 be competitive.  
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4 **Q. WILL THERE BE ADDITIONAL SOURCES OF COMPETITIVE**  
5 **GENERATION SUPPLY AVAILABLE IN THE NEXT FEW YEARS**  
6 **THAT COULD PARTICIPATE IN THE APS COMPETITIVE**  
7 **PROCUREMENT PROCESS TODAY?**

8 A. Yes, there are a number of proposed generation projects that could be  
9 viable over the next few years if allowed to participate in an APS'  
10 competitive procurement process. Some of these proposed projects will  
11 require new transmission for delivery and this requires lead-time and  
12 market incentives to become a reality. Therefore, generation that may not  
13 be available for deliveries initiating on January 1, 2003 could be available  
14 for RFPs with an initial delivery date in 2006. Again, requiring two initial  
15 delivery dates, coupled with requiring contracts of varying lengths, serves  
16 to ensure participation of the widest range of generation possible, both  
17 immediately and into the future.

18 **Q. ARE THOSE RESOURCES LIKELY TO BE DEVELOPED IF APS**  
19 **IS ALLOWED TO ENTRENCH THE PWEC ASSETS FOR 15**  
20 **YEARS THROUGH THE PROPOSED PPA?**

21 A. No, it is not likely that these new resources will be built without a  
22 sufficiently long-term contract to make financing viable. If APS is required  
23 to buy all of its existing load requirements from PWCC for the next 15  
24 years, this effectively eliminates those loads as a prospective buyer of new  
25 sources of competitive supply.  
26

4 **Q. WHAT OTHER RECOMMENDATIONS DO YOU HAVE WITH**  
5 **RESPECT TO THE STRUCTURE OF THE COMPETITIVE RFP**  
6 **PROCESS?**

7 A. The RFPs should be structured as "slice of system" auctions, with bidders  
8 competing on the basis of price to provide a specific percentage of APS'  
9 daily (and hourly) load requirement. Under this auction plan, the full  
10 requirement load of APS' Standard Offer service subject to RFPs (i.e., at  
11 least 3,000 MW) would be broken down into 100 MW full requirement  
12 segments. The auction winners would supply the APS load as a percentage  
13 of full requirements based on the load shape of the full APS system. For  
14 example, if 10 competitive power generators each win three tranches of 100  
15 MW each, they will each serve 10 percent of the RFP portion of APS'  
16 system load at all times for the duration of the contract period. A  
17 Commission approved Independent Auction Manager would oversee the  
18 auction. Affiliates of APS would be allowed to bid in the auction on terms  
19 and conditions that provided a fair and level playing field for potential  
20 bidders. The ACC would certify the results within 48 hours of the end of  
21 the auction.  
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4 **Q. DOES RELIANT ALSO RECOMMEND A COMPETITIVE POWER**  
5 **PROCUREMENT PLAN FOR IMPLEMENTING THE BILATERAL**  
6 **CONTRACT PROVISIONS OF RULE 1606(B)?**

7 A. Yes. Reliant believes that the structure for bilateral contracts should be  
8 transparent to the market. To accomplish this, Reliant supports the  
9 following guidelines for bilateral contracts:

- 10 1. Approximately 3,000 MW of load should be available for supply via  
11 bilateral contracts. To provide incentives for competition for this  
12 service, the supply should be broken into bilateral contracts no  
13 greater than 100 MW. Using numerous bilateral contracts should  
14 capture savings otherwise not available under a single blended-rate  
15 offer for the entire 3,000 MW load. Suppliers should be eligible to  
16 bid for multiple contracts, and may even provide for all available  
17 contracts so long as each contract is negotiated separately.
- 18 2. APS should be required to immediately set forth the design, terms,  
19 and conditions of these contracts. While APS should be permitted to  
20 initially determine what criteria best fulfill the needs of their  
21 customers, the criteria must be subject to timely review by the  
22 Commission to ensure they are reasonable and provide a level  
23 playing field. Further, the settlement conference approach Reliant  
24 has suggested should be used to permit other interested parties to  
25  
26

4 participate in establishing these criteria, but on a much faster track  
5 than has been true of the working group approach.

- 6 3. Once the terms and conditions of a template contract consistent with  
7 Western Systems Power Pool standards are proposed by APS and  
8 approved by the Commission, all suppliers would have an  
9 opportunity to negotiate such a supply contract, including PWCC.

10 The Commission would then give timely approval after confidential review  
11 of the executed bilateral contracts.

12  
13 V.

14 **SUMMARY AND CONCLUSION**

15 **Q. PLEASE SUMMARIZE AND CONCLUDE YOUR DIRECT**  
16 **TESTIMONY.**

- 17 A. The Commission should promptly convene a settlement conference and  
18 adopt the RFP structure and bilateral contract guidelines consistent with  
19 those recommended by Reliant. The Commission should also order APS to  
20 immediately implement the requirement of Rule 1606(B) that 100% of its  
21 Standard Offer power requirements be acquired from the competitive  
22 market through prudent arm's length transactions, with at least 50% through  
23 a competitive bid process. Such action will enable APS' Standard Offer  
24 customers to enjoy the economic and environmental benefits of the  
25 competitive power procurement process.  
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DIRECT TESTIMONY OF CURTIS L. KEBLER  
DOCKET NO. E-01345A-01-0822  
PAGE 19

**Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

**A. Yes.**

4 **STATEMENT OF QUALIFICATIONS**

5 **APPENDIX A**

6 Curtis Kebler is Director, Asset Commercialization West Region for Reliant  
7 Resources, an international energy services company based in Houston, Texas.  
8 Reliant has nearly 18,000 megawatts of power generation capacity in operation,  
9 under construction or under contract in the U.S., and is one of only five  
10 companies to rank among both the ten largest power marketers and the ten largest  
11 natural gas marketers in North America.

12  
13 Mr. Kebler is responsible for representing Reliant's commercial interests on a  
14 broad range of technical and policy issues before various regulatory, legislative,  
15 and industry organizations in the Western U.S. He coordinates and implements the  
16 company's policies relating to restructured western region electricity markets and  
17 Regional Transmission Organizations, and oversees the performance of research  
18 and analysis and the development of studies and reports on western energy  
19 markets.

20  
21 Mr. Kebler has more than 15 years experience in the energy industry and has  
22 broad knowledge of the structure, operation and performance of California's  
23 natural gas and electric power markets. From 1985 to 1997, Mr. Kebler worked  
24 for Southern California Edison Company in a variety of positions and was actively  
25 involved in the restructuring of California's natural gas industry and following that  
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1 DIRECT TESTIMONY OF CURTIS L. KEBLER  
2 DOCKET NO. E-01345A-01-0822  
3 PAGE 21

4 the restructuring of the state's electricity industry. From 1997 to 1999, Mr. Kebler  
5 worked for the California Power Exchange and was actively involved in all aspects  
6 of the start-up and initial operation of that corporation.

7 Mr. Kebler has a Bachelor of Science degree in nuclear engineering from the  
8 University of California. He is a member of the Board of Directors of the  
9 Independent Energy Producers Association and the Western Power Trading Forum  
10 and serves as Reliant's representative on numerous industry associations and  
11 committees.  
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